

RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION

August 31, 2006

PUBLIC SESSION

A meeting of the Board of Directors of the Rhode Island Industrial Facilities Corporation ("RIIFC") was held in public session at the offices of RIIFC, One West Exchange Street, 5th Floor, Providence, Rhode Island, on Thursday, August 31, 2006 beginning at approximately 9:00 a.m., pursuant to a notice and agenda duly posted and sent to all members.

Members initially present at the commencement of the meeting were Mr. William Parsons, Mr. Andrew Lyon, III, Mr. David Piacitelli and Mr. Ronald Renaud. Commencing with the below-referenced vote with respect to the proposed budget of RIIFC for fiscal year ending June 30, 2008, Mr. Edward Rendine arrived and participated commencing with the deliberation with respect to the budget vote and for the remainder of the meeting. Also present and participating in the meeting were Mr. Earl Queenan, Jr., Treasurer of RIIFC, Mr. Anthony Scolavino, Secretary of RIIFC, Antonio Afonso, J. Esquire, bond counsel to RIIFC, Mr. Robert Stolzman, Esq., counsel to the Rhode Island Economic Development Corporation ("EDC") and a member of the Senate Fiscal Staff also attended. Mr. Parsons initially presided and called the meeting to order.

MINUTES OF THE MEETING OF BOARD OF DIRECTORS

OF THE JULY 27, 2006 BOARD MEETING

The first item to come before the Board in Public Session was consideration of the Minutes for the Board meeting held on July 27, 2006 (the "July 27 Minutes"). Mr. Ronald Renaud made a motion to accept the July 27 Minutes and to maintain the Executive Session portions of the July 27 Board Meeting as confidential. Mr. Lyons seconded the motion, which passed as follows: Mr. William Parsons - yes, Mr. Andrew Lyon – yes, Mr. Ronald Renaud – yes and Mr. David Piacitelli – yes (Mr. Rendine not yet present and participating).

DRAFT AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30 2006

Mr. Queenan presented and reviewed with the Board the draft financial statements for RIIFC for the years ended June 30, 2006 to 2005 as prepared by Prescott Chatellier, Fontaine, Wilkinson, LLP. Following motion made by Mr. Lyon to accept the draft Minutes as presented to the Board and a second of said motion by Mr. Renaud, the resolution was adopted as follows: Mr. William Parsons – yes, Mr. Andrew Lyon – yes, Mr. David Piacitelli – yes and Mr. Ronald Renaud – yes (Mr. Rendine not yet present and participating).

PROPOSED BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2008

Mr. Queenan reviewed with the Board the proposed RIIFC budget for fiscal year 2008. Discussion ensued concerning the proposed

budget. Immediately prior to the commencement of Mr. Queenan's presentation, Mr. Rendine arrived and chaired the meeting. Following a motion made by Mr. Parsons and seconded by Mr. Lyon, a vote to adopt the proposed budget passed as follows: Mr. Rendine – yes, Mr. Lyon – yes, Mr. Renaud – yes, Mr. Piacitelli – yes and Mr. Parsons – yes.

CONSIDERATION OF PROPOSED RIIFC

POLICY STANDARDS CONCERNING SALES TAX EXEMPTION

The Board next considered a recommendation received from the Rhode Island Economic Development Corporation to adopt certain policy standards as explained in a Memorandum prepared by EDC's counsel, Adler Pollock & Sheehan, P.C. dated August ____, 2006.

An extensive discussion among the Board members ensued concerning the advisability of adopting the various proposals suggested by the EDC. Mr. Stolzman commented upon the proposal and explained EDC's current analytical procedures. Following discussion by the Board and upon motion duly made by Mr. Piacitelli and seconded by Mr. Parsons, the Board adopted the resolution set forth in Exhibit A attached hereto and hereby incorporated by reference herein.

Further discussion ensued concerning the advisability of adhering to the suggestion that a prerequisite to submission by RIIFC of a sales tax exempt project financing to the General Assembly be that the income tax generated by the project exceeds the sales tax exemption in three (3) years or less and the proposed project generate at least

one hundred (100) new jobs within a three (3) year period. Following motion duly made by Mr. Renaud and seconded by Mr. Parsons, the Board unanimously adopted the resolution in the form attached hereto as Exhibit B and hereby incorporated by reference herein.

Following the adoption of the foregoing resolutions, the Board members suggested that counsel proceed to work on regulations consistent with the policy embodied in the prior two (2) resolutions.

**CONSIDERATION OF A FINAL APPROVING RESOLUTION
FOR THE BENEFIT OF ISLAND HOTEL GROUP, LLC**

The next item to come before the Board was the consideration of the adoption of a final approving resolution for the benefit of Island Hotel Group, LLC. The Board had previously adopted an inducement resolution in favor of Island Hotel Group, LLC. Mr. Scolavino stated that Island Hotel Group, LLC is a sole-purpose entity formed for the purpose of purchasing land and developing a hotel in Middletown, Rhode Island. The total project cost is approximately \$12,000,000. This includes the purchase of real property, site work, development of improvements to the real property for the hotel and equipping and furnishing thereof. Island Hotel Group, LLC is proposing the issuance of up to \$8,500,000.00 in the form of a taxable bond for financing of the project. Citizens Bank of Rhode Island will purchase the RIIFC bond. Following discussion by the Board and upon motion duly made by Mr. Parsons and seconded by Mr. Piacitelli, the resolution attached hereto and incorporated by reference herein in the form of Exhibit C was adopted as follows: Mr. Rendine – yes, Mr.

Parsons – yes, Mr. Lyon – yes, Mr. Piacitelli – yes and Mr. Renaud – yes.

ADJOURNMENT

Mr. Parsons made a motion, seconded by Mr. Renaud to adjourn the meeting, which motion was adopted as follows: Mr. Rendine – yes, Mr. Parsons – yes, Mr. Lyon – yes, Mr. David Piacitelli – yes, and Mr. Ronald Renaud – yes.

EXECUTIVE SESSION

(There was no executive session.)

SECRETARY'S CERTIFICATE

I, Anthony Scolavino, Secretary of the Rhode Island Industrial Facilities Corporation, hereby certify that attached hereto is a true and accurate copy of the minutes of the meeting of the Board of Directors of the Rhode Island Industrial Facilities Corporation held on August 31, 2006. These minutes were approved by the Board of Directors at a meeting held on October 26, 2006.

Anthony Scolavino, Secretary